

Revision updated for the 2014 Legislative Session. Includes any adopted amendments.

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2014-15</b>		<b>FY 2015-16</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$85,880		\$116,995	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$85,880</b>		<b>\$116,995</b>	

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 588 amends Nebraska Revised Statutes regarding the veterans preference for hiring for employment with the state of Nebraska and its political subdivisions.

The bill would name the act the Veterans Preference Act.

Section 23-2529 is amended to state that veterans preference shall be given in accordance with the Veterans Preference Act. Current language requires that veterans must request the preference on their applications, provide a copy of their discharge papers, and for disability credit provide proof of at least ten percent disability; that language is stricken.

The bill amends Section 48-225 to add “disabled veteran” and “spouse of veteran with 100% disability” to the definition of “veteran.” This section is also amended to provide a definition of “competent” and “key employee.”

Section 48-226 is changed to state that a veteran is to be given preference for initial employment with the state or its governmental subdivisions, if the veteran is competent to perform the services. The new language also provides that a veteran not hired is to be notified within thirty days that they have not been hired and be advised of any administrative appeal available.

A veterans preference is not available for a) key employees; b) positions held by a patient, inmate, or student enrolled at a state institution; c) or for temporary or casual positions.

The bill amends Section 48-227 to strike language that currently provides veterans who obtain passing scores on all parts or phases of an examination to have five percent added to their score and an additional five percent if they are a disabled veteran.

The bill adds language to this section to provide that employment notices are to include language regarding the veterans preference and how a veteran may take advantage of the preference.

Section 48-229 is amended to strike the current percentage of veterans preference allowed with the result being no stated percentage of veterans preference is provided in statute, only that there is a veterans preference.

Section 48-231 is amended to provide that a veteran, who alleges that the veterans preference has not been provided as required by the Act, may bring an action in district court after exhausting any available administrative remedies.

The bill has an operative date of January 1, 2014.

The bill uses “state or its governmental subdivisions” to specify the entities to which the Act will apply. This means the Veterans Preference Act will apply to state agencies (including higher education), school districts, counties, cities, villages, essentially any entity considered a political subdivision of the state of Nebraska.

The Department of Administrative Services indicates that State Personnel will need to add information to the state’s job website and modify the on-line application. In addition, Central Services HR will need to revise human resources policy. These costs can be absorbed by the agency.

We agree with the Department of Administrative Services estimate of fiscal impact.

The Department of Labor has indicated that because of the wide applicability of the proposed Act to the state and all its political subdivisions, that investigations regarding complaints under the Act will be much more labor intensive and will require the Department to gather information regarding the qualifications of the veteran and their status, as well as the status of a veteran's spouse. In addition, finding whether or not an interviewer made a "good faith" determination of a veteran's qualification based on each position that was applied for, will require the Department to spend substantially more time on each investigation. Currently, similar investigations often take many months to complete due to lack of cooperation as well as lack of documentation.

Labor also indicates that ensuring compliance with the notification provisions of LB 588 will be time consuming. Ensuring that all notices for all open state and political subdivision positions are reviewed for compliance with the Act, as well as review of all applications for such positions will be a full-time job initially.

The Department of Labor originally estimated expenditures of \$112,525 for FY2013-14 and \$115,216 for FY2014-15. This cost is for 2.0 FTE, which includes a Labor Law Specialist and a Staff Assistant. PSL is \$66,737 and \$68,405 for the respective fiscal years.

We disagreed with the Department of Labor's estimate of cost for FY2013-14. Because the bill has an operative date of January 1, 2014 we do not believe the two staff positions will be required at the beginning of the fiscal year although we do believe the staff positions will need to be in place prior to the operative date of the bill. Therefore we estimated the fiscal impact for FY2013-14 to be \$84,394 with PSL of \$50,053. We agreed with the Department's estimate of cost for FY2014-15.

For the revision we assume the operative date will be January 1, 2015 and that the Department of Labor's and the Fiscal Office's estimate for staffing will be the same, 2.0 FTE. The assumptions on the cost of staffing noted above still hold true, however the numbers are changed to reflect salary adjustments of 2.25%. Therefore we estimate the fiscal impact for FY2014-15 to be \$85,880 with PSL of \$51,180 and the fiscal impact for FY2015-16 to be \$116,995 with PSL of \$69,945.

#### IMPACT TO POLITICAL SUBDIVISIONS:

We are unable to determine a specific fiscal impact but assume, given the broad applicability of the Act, that there will be some cost incurred by at least some political subdivisions dependent on their current employment provisions and requirements and the need for modifying those procedures.